



WYOMING LEGISLATIVE SERVICE OFFICE

Fact Sheet

EFFECT OF IMPLEMENTING FEDERAL FALSE CLAIMS ACT INCENTIVE

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Lily Sharpe

Interim Research/Evaluation Administrator

QUESTION:

How much money would Wyoming receive if the Legislature amended the Wyoming Medicaid False Claims Act to comply with the federal False Claims Act incentive for pursuing Medicaid fraud?

ANSWER:

Federal regulations require state Medicaid agencies to identify suspected Medicaid fraud and program abuse cases, and refer the fraud cases to the state Medicaid fraud control unit or appropriate law enforcement agency. If the Wyoming Attorney General's Medicaid Fraud Control Unit recovers fraudulent overpayments, Wyoming must return the 50% federal portion of the recovery to the Centers for Medicaid and Medicare Services. To encourage states to pursue Medicaid fraud, the 2005 Deficit Reduction Act provides an incentive that would permit Wyoming to increase its share of funds recovered under the State False Claims Act if the Legislature amends the Act to meet approximately twenty-five (25) federal requirements modeled on the federal False Claims Act. The requirements include authorizing private individuals to bring lawsuits against suspected Medicaid violators on behalf of the government through qui tam actions.

Although the federal incentive may be lucrative for states with exceptionally large Medicaid fraud recoveries, it is unclear how much benefit it would provide Wyoming. This is because the private person who brings a lawsuit against a Medicaid violator would receive part of Wyoming's recovery. An in-depth study would be necessary to fully determine the benefits and disadvantages of complying with the federal incentive requirements. A brief analysis by the Wyoming Attorney General's Office, however, indicates that **if the Legislature had implemented the federal incentive requirements from 2019-2022, the State would have lost approximately 1% of its recovered funds on multi-state Medicaid Fraud cases and gained 20% on State-only cases, resulting in a total gain of \$160,000.¹**

If you need further information, please contact the LSO Research/Evaluation Division at 307-777-7881.

¹ Email from Wyoming Attorney General's Office Medicaid Fraud Control Unit Director to author (Oct. 12, 2022).